

## Message Text

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C O N F I D E N T I A L USNATO 1973

E.O. 11652: GDS 12/31/80

TAGS: MCAP, EFIN, GW, NATO

SUBJ: BURDENSARING: ALLIED MILITARY PROCUREMENT IN U.S.

REF: STATE 70679

1. WHILE ECONOMIC DIRECTORATE HAS ACTUAL FIGURES ON MILITARY PROCUREMENT, INFRASTRUCTURE, AND MULTILATERAL PROGRAMS FOR SOME ALLIES AND ESTIMATES FOR OTHERS, THESE FIGURES HAVE NOT YET BEEN MADE KNOWN TO NATO DELEGATIONS OTHER THAN THE U.S. AND SHOULD BE HELD IN CONFIDENCE. DATA AVAILABLE THUS FAR ARE AS FOLLOWS.

2. FIVE COUNTRIES-BELGIUM, DENMARK, GREECE, NETHERLANDS, AND UK-HAVE COMPLETED ECONOMIC DIRECTORATE QUESTIONNAIRES REPORTING COMPLETE PURCHASES (PAYMENTS MADE OR TO BE MADE) TOTALLING \$520 MILLION OF U.S. MILITARY EQUIPMENT DURING FY74. FOUR COUNTRIES WHICH HAVE NOT YET COMPLETED QUESTIONNAIRE- ITALY, NORWAY, PORTUGAL, AND TURKEY-ARE EXPECTED TO DO SO BY TARGET DATE OF APRIL 25. MENAWHILE, FOR ITALY, NORWAY, AND PORTUGAL, ECONOMIC DIRECTORATE IS USING PROCUREMENT FIGURES FOR CY1972 AS REPORTED IN CM(73)93. THESE FIGURES, WHICH ECONOMIC DIRECTORATE EXPECTS TO BE CONSIDERABLY GREATER FOR FY74, ARE AS FOLLOWS: ITALY \$93 MILLION; NORWAY \$25 MILLION; CONFIDENTIAL

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AND PORTUGAL \$2 MILLION. BASED ON REPORTS OF LARGE MILITARY PROCUREMENT IN U.S., ECONOMIC DIRECTORATE IS ESTIMATING \$70 MILLION FOR TURKEY, AN ESTIMATE BELIEVED CONSERVATIVE SINCE TURKISH AUTHORITIES CLAIM THEY HAVE \$195 MILLION IN CASH

AVAILABLE FOR PURCHASE OF PHANTOM AIRCRAFT, SOME PART OF WHICH SHOULD BE MADE IN FY74. FIRM AND CONSERVATIVELY ESTIMATED BILATERAL PROCUREMENT BY FOREGOING NINE NATIONS THUS TOTALS \$710 MILLION. ECONOMIC DIRECTORATE IS NOT ATTEMPTING COLLECT DATA FROM REMAINING FIVE ALLIES-CANADA, FRANCE, FRG, ICELAND, AND LUXEMBOURG; ALTHOUGH DIRECTORATE BELIEVES FRENCH MILITARY PROCUREMENT IN U.S. IS BETWEEN \$80 AND \$100 MILLION ANNUALLY.

3. REPORTS RECEIVED THUS FAR ON PROCUREMENT UNDER INFRASTRUCTURE PROGRAM ARE: SHAPE AND NICSMA \$12.5 MILLION, NORWAY \$5 MILLION, AND TURKEY \$34 MILLION, FOR A TOTAL OF \$51.5 MILLION. OTHER REPORTS, MOST IMPORTANT FROM GREECE, ARE EXPECTED BY END OF APRIL.

4. REPORTS TO ECONOMIC DIRECTORATE FROM OTHER MULTILATERALLY FUNDED PROGRAMS ARE AS FOLLOWS: NAMSA \$15 MILLION, ACE \$12 MILLION, HAWK (HELIP) \$3 MILLION, AND SEA SPARROW \$16 MILLION, FOR A TOTAL OF \$46 MILLION.

5. A RECAPITULATION OF ECONOMIC DIRECTORATE ESTIMATE OF ROUGHLY \$800 MILLION IN PROCUREMENT, WHICH IT BELIVES IS CONSERVATIVE AND WHICH DOES NOT INCLUDE FRENCH MILITARY PURCHASES IS AS FOLLOWS:

A. FIRM PURCHASE REPORTS	-\$520.0 MILLION
B. ESTIMATED PURCHASES	-\$190.0 MILLION
C. INFRASTRUCTURE	-\$ 51.5 MILLION
D. OTHER MULTILATERALLY FUNDED PROGRAMS	-\$ 46.0 MILLION
TOTAL \$807.5 MILLION	

6. IF INTERAGENCY WORKING GROUP TEAM ABLE VISIT NATO EARLY MAY FOR FURTHER CONSULTATIONS, COMPLETE DATA SHOULD BE AVAILABLE AT THAT TIME. RUMSFELD

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